

Message Text

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ACTION ARA-14

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TAGS: ECIN, BO, CO, EC, PE, VE
SUBJECT: ANDEAN PACT COMMISSION CONSIDERS EXTENDING DEADLINES
FOR SECTORAL INDUSTRIAL PROGRAMS AT TWENTIETH EXTRAORDINARY
SESSION

REF: LIMA 0209

1. SUMMARY: THE ANDEAN PACT COMMISSION MEETING HELD IN
LIMA FEBRUARY 20-24 DID NOT RESULT IN THE ADOPTION OF
SIGNIFICANT DECISIONS, BUT DID SEE REALISTIC CONSIDERATION OF A
NUMBER OF UPCOMING KEY ISSUES. THE CHEMICAL AND PHARMO-
CHEMICAL SECTORAL PROGRAMS WERE ASSIGNED TO WORKING GROUPS.
FOUR NEW BILATERAL AGREEMENTS WERE SIGNED UNDER THE AUTOMO-
MOTIVE PROGRAM. A TECHNOLOGICAL PROJECT ON GREATER UTILIZATION
OF LOCAL FOODSTUFFS WAS ADOPTED. THE COMMISSION BEGAN STEPS
LEADING TO A NEW SUPPLEMENTAL PROTOCOL WHICH WOULD POSTPONE
IMMINENT DEADLINES. END SUMMARY.

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2. THE TWENTIETH EXTRAORDINARY SESSION OF THE ANDEAN PACT
COMMISSION MET IN LIMA FEBRUARY 20-24 UNDER THE
DIRECTION OF THE NEW PRESIDENT, PERUVIAN MINISTER OF
INDUSTRY, TOURISM, COMMERCE AND INTEGRATION, LT.
GENERAL GASTON IBANEZ O'BRIEN. PUBLICATION OF THE
FINAL REPORT AND A BRIEFING OF OBSERVERS HAS BEEN
POSTPONED BY THE JUNTA TILL NEW WEEK. THE FOLLOWING

SUMMARY OF THE MEETING IS BASED ON PRESS ACCOUNTS AND CONVERSATIONS WITH PARTICIPANTS AND IS THEREFORE SUBJECT TO CORRECTION.

3. IN THE AREA OF SECTORAL PROGRAMS FOR INDUSTRIAL DEVELOPMENT (SPID) THE COMMISSION TOOK COGNIZANCE OF THE JUNTA'S SPID PROPOSALS FOR THE CHEMICAL AND PHARMOCHEMICAL SECTORS. BOTH WERE ASSIGNED TO WORKING GROUPS WHICH BEGAN THEIR ANALYSES DURING THE COMMISSION MEETING. OTHER WORKING GROUPS ALREADY ASSIGNED TO REVISE THE EXISTING PETROCHEMICAL AND METALWORKING SPIDS DID NOT PRESENT THEIR PROPOSALS TO THIS MEETING. COMMENT: IN ADDITION TO BOLIVIAN DISCONTENT WITH THE METALWORKING SPID (LIMA 0209) THE PETROCHEMICAL GROUP REPORTEDLY CONFRONTS A DISAGREEMENT ON THE DISTRIBUTION OF CHILE'S ASSIGNMENTS UNDER THE SPID. ECUADOR, COLOMBIA, AND VENEZUELA ALLEGEDLY WANT CHILE'S ASSIGNMENTS TO BE RELEASED FOR UNRESTRICTED PRODUCTION THROUGHOUT THE SUBREGION. PERU AND BOLIVIA ARE SAID TO WANT CHILE'S ASSIGNMENTS GIVEN TO THEM EXCLUSIVELY TO COMPENSATE FOR THE LOSS OF THE ANTICIPATED CHILEAN MARKET FOR THEIR EXISTING ASSIGNMENTS.

4. SEVERAL MORE BILATERAL AGREEMENTS WERE SIGNED UNDER THE TERMS OF THE AUTOMOTIVE SPID. ECUADOR AND VENEZUELA AGREED TO ALLOW ECUADOR TO ASSEMBLE THE B-4 LIMITED OFFICIAL USE

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VEHICLE (TRUCK OF MORE THAN 17 METRIC TONS). COLOMBIA AND PERU AGREED PERU COULD ASSEMBLE THE VEHICLE B-3 (TRUCK OF 9.3 TO 17 METRIC TONS) ASSIGNED TO COLOMBIA. IN RETURN COLOMBIA WILL BE ALLOWED TO ASSEMBLE THE VEHICLE B-2.1 (TRUCK OF 4.6 TO 6.2 METRIC TONS) ASSIGNED TO PERU. FINALLY, VENEZUELA AND PERU AGREED TO CO-PRODUCE THE MOTOR FOR ONE OF THE A-3 VEHICLES (AUTO WITH 1500 TO 2000 CC DISPLACEMENT) ORIGINALLY ASSIGNED TO PERU. COMMENT: BASICALLY THESE AGREEMENTS REPRESENT FORMALIZATION OF THE SERIES OF MISUNDERSTANDINGS WHICH FINALLY MADE POSSIBLE ADOPTION OF THE AUTOMOTIV SPID AS DECISION 120.

5. THE COMMISSION ADOPTED TWO DECISIONS. NUMBER 126 AUTHORIZES AN ANDEAN TECHNOLOGICAL DEVELOPMENT PROJECT ON FOODSTUFFS (PADT-ALIMENTOS). A RECENT DRAFT OBTAINED BY THE EMBASSY DESCRIBES THE PACT AS A THREE-YEAR PROJECT DESIGNED TO TEST THE FEASIBILITY OF USING VARIOUS LOCALLY PRODUCED PRODUCTS TO SUPPLEMENT THE DIET OF CHILDREN, PREGNANT AND NURSING MOTHERS. THE SUPPLEMENTS WOULD PROVIDE THE PROTEIN REQUIREMENTS WHICH NOW MUST BE MET BY WHEAT OR DAIRY PRODUCTS THAT ARE

EXPENSIVE AND NOT ALWAYS AVAILABLE. THERE ARE FIVE FACETS OF THE PROJECT: (A) PRODUCTION OF SEMI-PROCESSED FOODS FROM LOCAL PRODUCTS, (B) EXPERIMENTAL PRODUCTION AND TEST MARKETING OF NEW LOW-COST FOODS, (C) TECHNOLOGY, PRODUCTION AND TEST MARKETING OF INFANT AND DIETETIC FOODS DEVELOPED LOCALLY, (D) CASE STUDY OF OPPORTUNITIES FOR TECHNOLOGICAL INNOVATION IN THE FOOD-PROCESSING SECTOR, AND (E) DEVELOPMENT OF A SPECIALIZED SCIENTIFIC/TECHNOLOGICAL INFORMATION SYSTEM IN THE FOOD-PROCESSING SECTOR. COMMENT: THIS PROJECT APPEARS TO BE WELL-DESIGNED AND SHOULD MOVE AHEAD ON SCHEDULE. OF THE DOLS 6.3 MILLION TOTAL COST, DOLS 3.5 MILLION MUST BE IN FREELY CONVERTIBLE CURRENCY. THE PROJECT SUPERVISOR TOLD EMBOFF THIS WEEK THAT AFTER APPROACHING LIMITED OFFICIAL USE

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THE EEC LAST AUGUST HE HAD RECEIVED A FIRM COMMITMENT FOR A DOLS 3.0 MILLION GRANT BY DECEMBER. HE IS STILL SEEKING THE OTHER DOLS.5 MILLION.

6. DECISION 127 IS A MINOR IMPLEMENTING MECHANISM. IT SPECIFIES UNIFORM PROCEDURES AND CERTIFICATION FOR THE IMPORT/EXPORT OF AGRICULTURE AND LIVESTOCK PRODUCTS.

7. IN OTHER AREAS THE COMMISSION DEVOTED CONSIDERABLE TIME TO CONSIDERING STEPS TO BE TAKEN DURING THE YEAR TO ENHANCE ECONOMIC AND FINANCIAL TIES WITH THE MAJOR LA COUNTRIES OF ARGENTINA, BRAZIL, AND MEXICO. THE COMMISSION ALSO FIALLY GAVE SOME ATTENTION TO A JOINT POSITION ON THE MEANS OF REVIVING LAFTA. COMMENT: THIS LATTER IS AN AGENDA PERENNIAL WHICH HAS BEEN REPEATEDLY SHOVED ASIDE FOR MORE PRESSING BUSINESS.

9. IN WHAT MAY EVENTUALLY BE THE MOST SIGNIFICANT DEVELOPMENT OF THE MEETING THE COMMISSION BEGAN CONSIDERATION OF A JUNTA WORKING PAPER REQUESTED DURING THE DECEMBER COMMISSION MEETING. THE PAPER CONSISTS OF A SERIES OF NEW ALTERNATIVE SCHEDULES FOR THE COMPLETION OF VARIOUS COMMITMENTS UNDER THE ACUERDO DE CARTAGENA. IF ADOPTED A NEW CALENDAR WOULD BE INCORPORATED AS ANOTHER SUPPLEMENTAL PROTOCOL T THE ORIGINAL AGREEMENT. IN DESCRIBING THE MEETING TO THE PRESS COMMISSION PRESIDENT IBANEZ REFERED ONLY TO THE NEED TO PROVIDE MORE ADEQUATE TIME FOR MEASURED CONSIDERATION OF THE REMAINING SPIDS. COMMENT: IT SHOULD BENOTED, THOUGH, THAT MANY OTHER DEADLINES ON TRADE LIBERALIZATION, EXTERNAL TARIFFS, ETC. ARE TIED TO ADOPTION OF THE VARIOUS APIDS.

10. THE NEXT COMMISSION MEETING IS SET FOR MARCH 27.
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11. COMMENT: BY ALL ACCOUNTS THE MEETING MOVED FORWARD SMOOTHLY ON A VARIETY OF FRONTS WITH A MINIMUM OF DISCORD. ANOTHER SUPPLEMENTAL PROTOCOL SETTING BACK DEADLINES ONCE MORE WILL CERTAINLY DO NOTHING TO ENHANCE THE CREDIBILITY OF THE PACT AS A VIABLE INTEGRATION SCHEME. HOWEVER, THE AMOUNT OF WORK LEFT TO BE COMPLETED WITHIN THE YEAR MAKES OBVIOUS THE NEED FOR SOME FLEXIBILITY. THE MATTER-OF-FACT ATMOSPHERE OF THE DISCUSSION OF THE NECESSITY OF POSTPONEMENTS THIS TIME IS IN MARKED CONTRAST TO THAT WHICH CHARACTERIZED THE INITIAL SUPPLEMENTAL PROTOCOL. AT THAT TIME THE MEMBERS WERE ABSORBED IN OVERCOMING THE DISPUTE WITH CHILE AND MAINTAINING THE FICTION THAT THE ORIGINAL DEADLINES OF THE ACUERDO DE CARTAGENA COULD SOMEHOW BE MET. EVEN WITH THE CURRENT RELATIVE HARMONY AND MOMENTUM THERE ARE OTHER FACTORS WHICH WILL PROBABLY LIMIT BASIC POLICY DECISIONS IN THE NEAR TERM. IBANEZ ACKNOWLEDGED THIS WHEN HE NOTED THE NEED TO TAKE ACCOUNT OF THE "POLITICAL AND ECONOMIC REALITIES" OF THE MEMBER COUNTRIES. DEPRESSION AND THE TENSIONS OF POWER TRANSFER DO NOT ENCOURAGE INNOVATIVE AND POTENTIALLY COSTLY POLICIES. SHLAUDEMAN

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